



## PRESS RELEASE

### BUSINESS SENTIMENT INDEX (BSI) FOR BRUNEI DARUSSALAM FOR FEBRUARY 2022

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1. Brunei Darussalam Central Bank (BDCB) today published Brunei Darussalam's Business Sentiment Index (BSI) for the month of February 2022. The index is based on surveys conducted on more than 550 micro, small, medium and large-sized businesses from the 11 economic sectors in Brunei Darussalam, across all districts.
2. The monthly index is designed to measure the level of business confidence/sentiment in the country and covers various aspects including current and future business conditions; current and future investments; current and future employment of workers; as well as current and future costs of running the businesses. Therefore, BSI serves as a leading macroeconomic indicator due to its forward-looking element.

3. The BSI and sub-indices can be interpreted as below:

BSI value	Interpretation
Above 50	Expansion/Optimism compared to the previous month
50	Similar/No change compared to the previous month
Below 50	Contraction/Less optimism compared to the previous month

4. Within the BSI, there are 9 sub-indices. The **Current Business Conditions sub-index**, which is the main headline index for the BSI, was 50.1 in February 2022. This was the fifth expansion since October 2021, albeit much smaller compared to January 2022. Some of the reasons given include increased activities since the early endemic phase; increased orders and new contracts awarded by the government; and more production and exports. However, with several public holidays in the month of February, slowdown was reported by some businesses. Many businesses cited similar conditions to January with some concerns over the rising number of new COVID-19 cases in Brunei Darussalam, which continue to hamper business operations. Amongst the reported consequences include shortage of workers due to being issued Quarantine Orders, as well as increased costs of materials and reduced inventory. The index for the one month (1M) ahead Business Conditions was recorded at 50.3 which reflects that, in general, businesses expressed optimism and improvement in sales and activities with the upcoming festive seasons and more production, subject to no lockdown being imposed and that the COVID-19 situation will improve.
5. The **Investment sub-index** was 49.9 for the current month, 50.5 for one month ahead and 50.7 for three months (3M) ahead. This indicates that overall, businesses have reduced investment activities in February 2022 compared to the previous month. However, some businesses plan to increase investment expenditures in the coming months such as factory upgrades; investing in better office facilities and systems; renovating existing and new business premises; stocking up inventory; and purchasing new tools, equipment, machinery and company vehicles.

6. The **Employment sub-index** was 50.1 for the current month and 50.2 for the month ahead, indicating that most businesses were hiring more employees in February 2022, and will continue to hire in the next month. Businesses are still facing manpower challenges including the lack of local workers with the right skills; no-shows at interviews; losing local workers to the government sector; and delays in bringing in foreign workers due to labour quota issues. Given the high turnover of local employees, some businesses expressed preference for foreign workers to ensure the stability of their workforce to keep operations running smoothly.
7. The **Costs sub-index** was 50.3 for the current month and 50.3 for the month ahead, indicating that businesses felt the rising costs of running their businesses in February 2022 compared to January 2022, and expect costs to further increase in March 2022. In general, businesses cited the increase in prices of raw materials such as fertilisers and oil; higher cost of imports due to shipping and transportation costs; and higher operational costs due to additional employee-related expenses such as purchasing flight tickets for employees who have ended their contract, as well as purchase of Antigen Rapid Test (ART) kits and sanitisers.

<b>BSI February 2022</b>	
<b>Current Business Conditions</b>	<b>50.1</b>
1M Ahead Business Conditions	50.3
Current Investment	49.9
1M Ahead Investment	50.5
3M Ahead Investment	50.7
Current Employment	50.1
1M Ahead Employment	50.2
Current Costs	50.3
1M Ahead Costs	50.3

**Note:** 1M – one month, 3M – three months

8. In terms of economic sectors, 8 out of the 11 sectors recorded pessimism with indices below the threshold of 50, with the largest contraction in Real Estate & Ownership of Dwellings, followed by Construction, and Hotels & Restaurants. The reasons cited for the lower performances observed by the businesses include the effect from a shorter month, as well as shorter operating hours and temporary closure of their businesses due to COVID-19 cases amongst employees. Optimism was recorded in only two sectors in February 2022 namely Oil & Gas Related, and Transport & Communication. Finance & Insurance sector reported similar current business conditions in February 2022 compared to January 2022.

Current Business Conditions February 2022 by sector	
Oil & Gas Related	50.2
Manufacturing	49.9
Construction	49.7
Wholesale & Retail Trade	49.9
Transport & Communication	50.1
Agriculture, Forestry, Fisheries & Livestock	49.8
Finance & Insurance	50.0
Real Estate & Ownership of Dwellings	49.6
Hotels & Restaurants	49.7
Health & Education	49.8
Other Private Services	49.8

9. In terms of the index by business size, only micro-sized businesses, in general, are slightly optimistic in their current business conditions in February 2022 while most small businesses observed similar business conditions in February 2022 compared to January 2022. The medium and large businesses generally reported a contraction mainly due to the adverse impact of the third wave of the COVID-19 pandemic on their sales and business operations.

Current Business Conditions February 2022 by size	
Micro	50.1
Small	50.0
Medium	49.7
Large	49.8

10. The time-series charts for the BSI and its sub-indices since August 2020 can be found in ANNEX 1. For more information on BSI, members of the public may refer to the technical notes on the methodology and statistics on the BDCB website at <https://www.bdcg.gov.bn>. Updates on the BSI will also be shared on BDCB's Instagram account @centralbank.brunei.

**Brunei Darussalam Central Bank**

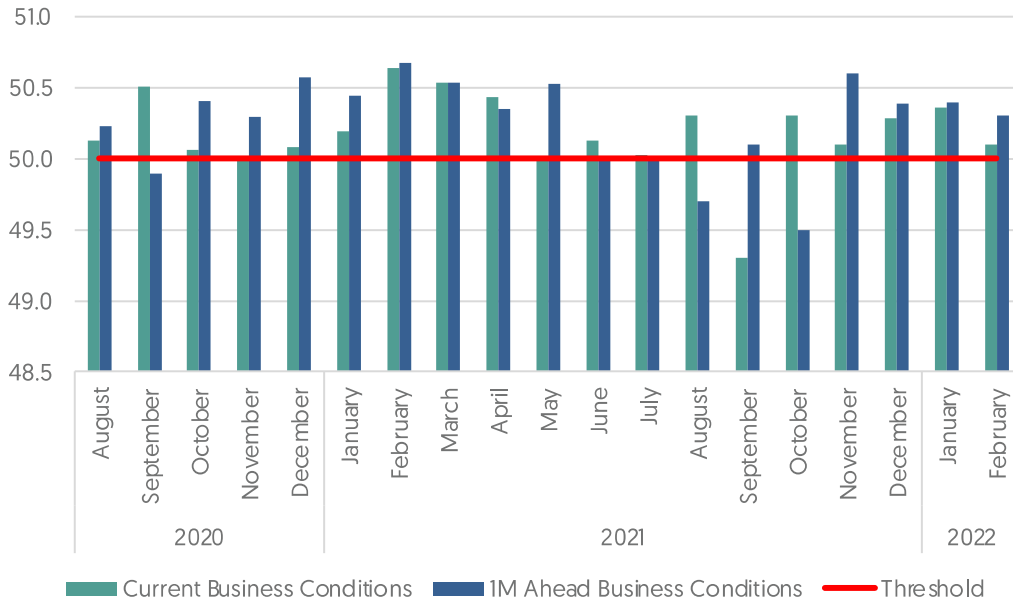
Date: 7 Syaaban 1443H / 10 March 2022M

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ANNEX 1

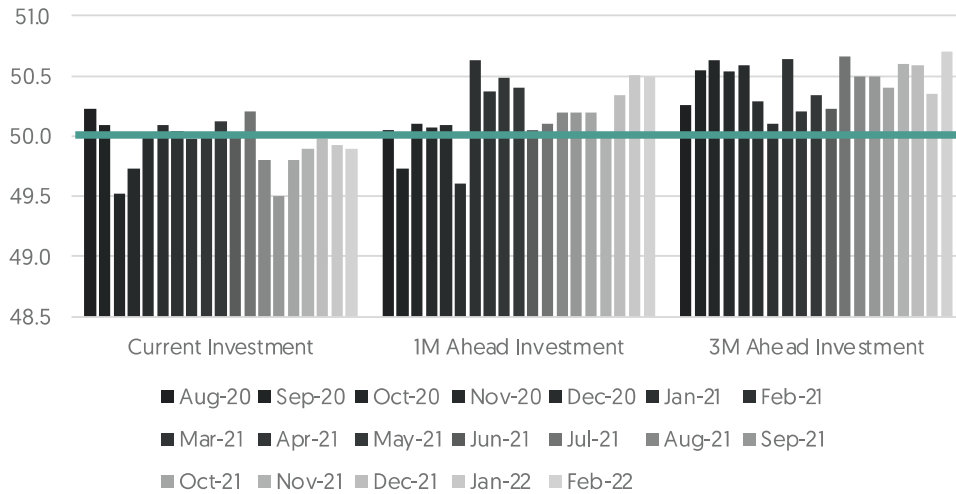
Business Conditions



**Note:** For 1M Ahead Business Conditions, the result compares expected business conditions in the month ahead compared to the current month.

For Business Conditions sub-index, above 50 indicates expansion / optimism compared to the previous month. Index at 50 indicates no change compared to the previous month while below 50 indicates contraction / less optimism compared to the previous month

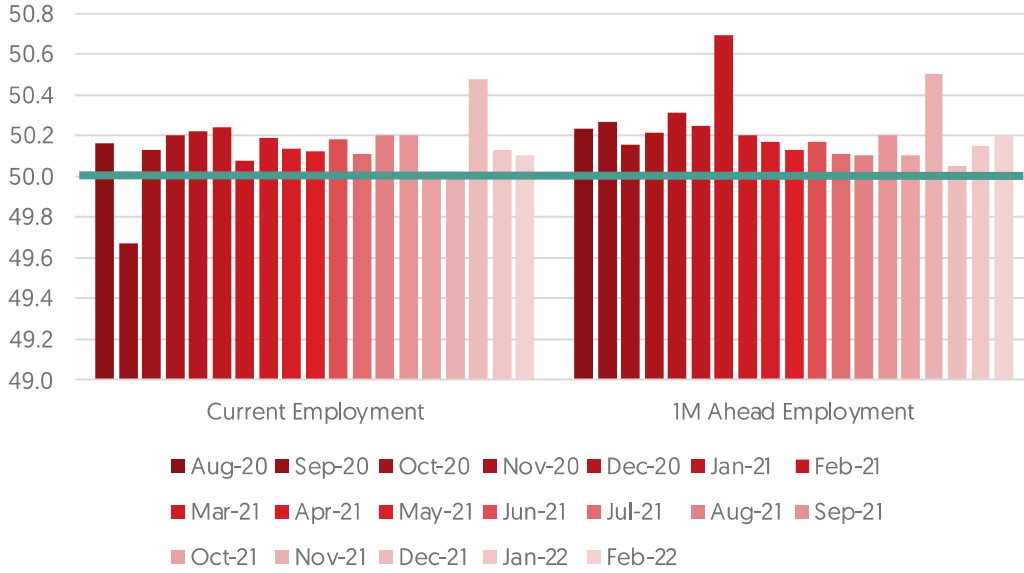
Investments



**Note:** For 1M Ahead Investments, the result compares expected investment in the next month compared to the current month while the 3M Ahead Investment, the result compares expected investments 3 months ahead compared to the current month.

For Investments sub-index, above 50 indicates increased investment compared to the previous month. Index at 50 indicates no change compared to the previous month while below 50 indicates reduced investment compared to the previous month.

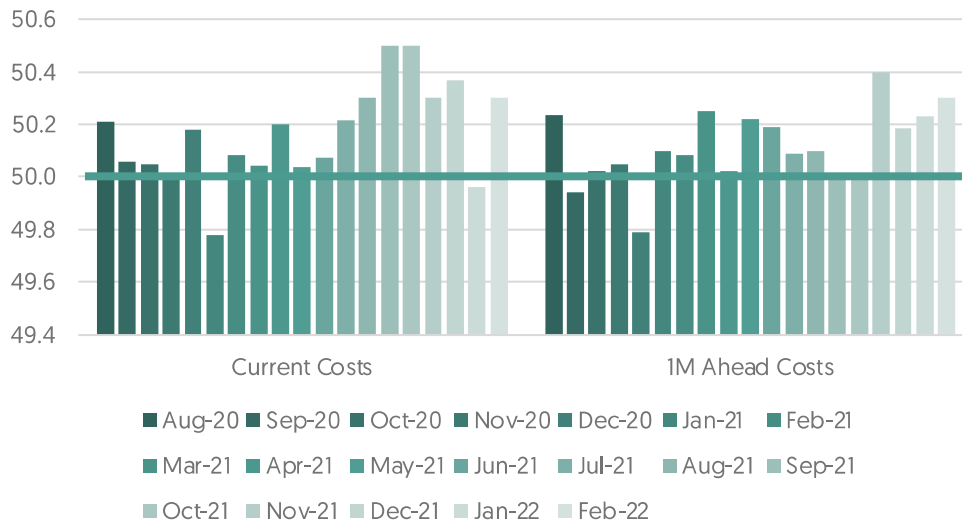
### Employment



**Note:** For 1M Ahead Employment, the result compares expected employment in the next month compared to the current month.

For Employment sub-index, above 50 indicates more new hires compared to the previous month. Index at 50 indicates no change compared to the previous month while below 50 indicates reduction in employee headcount compared to the previous month.

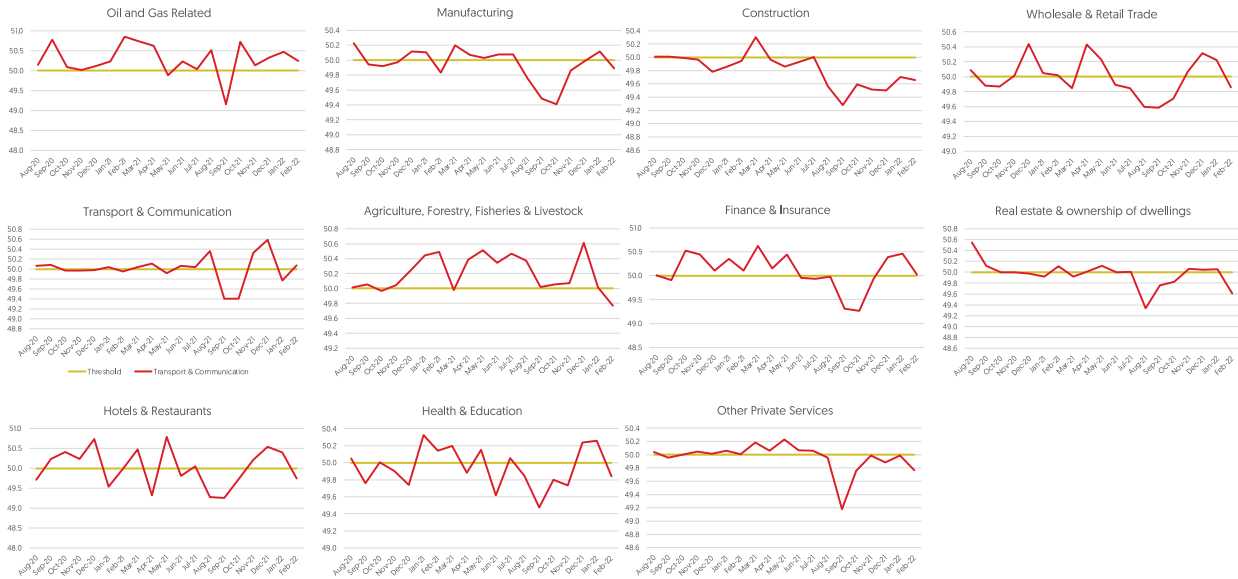
### Costs



**Note:** For 1M Ahead Costs, the result compares expected costs in the next month compared to the current month.

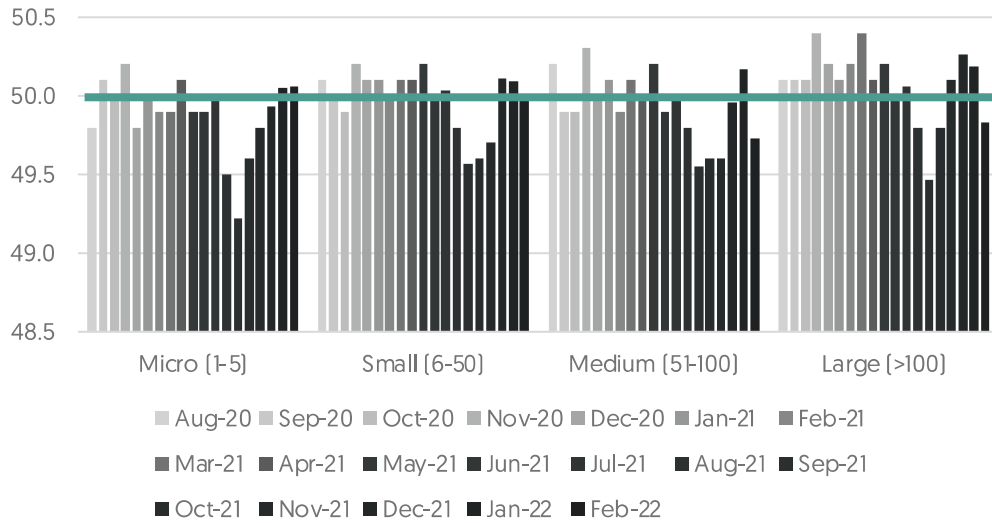
For Costs sub-index, above 50 indicates an increase in costs and conversely for below 50. Index at 50 indicates costs were more or less the same in the current month compared to previous month.

## Sectoral BSI – August 2020 to February 2022



**Note:** An index above 50 indicates expansion / optimism compared to the previous month. Index at 50 indicates no change compared to the previous month while below 50 indicates contraction / less optimism compared to the previous month.

## Sentiment by Business Size



**Note:** An index above 50 indicates expansion / optimism compared to the previous month. Index at 50 indicates no change compared to the previous month while below 50 indicates contraction / less optimism compared to the previous month.